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encl
 Honorable Sam Rayburn
 Speaker of the House
 of Representatives
 Washington 25, D. C.

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Dear Mr. Speaker:

There is forwarded herewith a draft of legislation "To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes, together with a sectional analysis of that legislation.

The Bureau of the Budget has advised that it has no objection to the submission of this proposed legislation to the Congress, and the Central Intelligence Agency recommends its enactment.

The purposes of this legislation are to provide for a limited amount of additional flexibility in the procurement operations of this Agency, to provide certain benefits to CIA employees serving abroad and their families, and to make certain technical changes in the existing law.

Section 1 of the proposed legislation contains three amendments to the Central Intelligence Agency Act of 1949, relating to procurement authorities. The first of these is designed to provide this Agency with authority identical to that of the Armed Services as to the circumstances under which purchases and contracts may be made without advertising. Although the volume of CIA purchases and contracts is negligible compared to that of the Armed Services, we are confronted in general with all of the typical situations with which the Services are faced in this field. A second proposed amendment provides that Agency contracts in the research and development field may extend over an initial term of not to exceed five years, with a possible extension of an additional five year maximum period if funds are available therefor. I have described to Committees of the Congress with jurisdiction over CIA matters certain types of special projects of a unique and important nature which this Agency undertakes from time to time in the research and development field. In order to provide necessary lead time in these projects, we feel we need the authority to contract over a period of years, in a manner substantially

similar to authorities and procedures governing contracts by the military services in similar fields. The third and last amendment in the procurement field is technical in nature, and simply involves a redefinition of the term head of the Agency which conforms to the present organizational structure of the Agency.

Section 2 of this proposed bill is intended to provide a variety of benefits which will bring CIA employees and their dependents into a status comparable to that of employees and their dependents in other agencies which conduct substantial operations in the foreign field. The group of American employees serving overseas which most nearly correspond to those of CIA in terms of living conditions, medical problems, etc. are those in the Foreign Service, and for that reason the great majority of the proposed amendments are identical with authorities which are now in existence or have been proposed as amendments to the Foreign Service Act of 1946, as amended.

The attached sectional analysis contains a detailed description of the objects and purposes of each of these amendments, which deal with such matters as home leave, travel, storage, transportation and medical care for dependents. I would simply like to add, in forwarding this proposed legislation to the Congress, that I regard the benefits proposed under this Section as matters of the highest importance in maintaining the morale and effectiveness of the Central Intelligence Agency in carrying out its vital functions. The employees of this Agency, particularly those serving abroad, are not eligible for tangible benefits and awards available to other Government employees, such as appointments to high diplomatic posts, public decorations for services well performed, etc. They are in this exacting and at times hazardous business because they are interested in it and feel that what they are doing is of some importance to the security of the United States. These amendments are designed to help encourage the concept of a worthwhile career in the foreign intelligence field, and I am convinced that they will be of immeasurable benefit to this Agency and to the Government as a whole. As the Congress will observe, we are not requesting benefits or privileges over and beyond those now enjoyed or being requested by other agencies of the Government with important responsibilities in the foreign field. To have to operate without these benefits, however, could seriously affect the overall effectiveness of the Agency in the longer run.

Section 3 of the proposed legislation increases from fifteen to thirty-five the maximum number of retired military officers which may be employed by this Agency at any one time. This proposal is consistent with a recommendation by the Clark Task Force of the Hoover Commission, and is considered desirable. Although the Agency has been able to adhere to the previous limit of fifteen retired officers without a serious loss of efficiency, we feel that there have been cases where more qualified individuals for certain posts could have been obtained from the ranks of retired military officers had the authority been available.

Section 4 of the proposed legislation is designed to permit advance payments for such items as rent, where such payments are in accordance with the laws or customs of certain foreign countries, and the inability to provide them works a hardship on the individuals concerned. This proposed exemption from the operation of Section 3648 of the Revised Statutes (31 U.S.C. 529) will place CIA overseas personnel on a similar footing with personnel of the Armed Forces and of the Foreign Service.

Section 5 of the proposed legislation is purely technical, and is intended to correct a typographical error in the original Central Intelligence Agency Act of 1949.

The net incremental cost to the Agency resulting from this proposed legislation is estimated to be in the neighborhood of \$80,000 annually. It is contemplated that these costs can be readily absorbed within our normal operating budget.

It is respectfully urged that the Congress act favorably on this proposed legislation during the present Session.

IG:NSP/blc (6 Apr. 56)

Orig. & 1 - Add

2 - Signer 1 - Bur. of Budget

1 - DD/S

1 - OGC 1 - Legis. Counsel

CONCUR:

Enclosures

General Counsel

Inspector General

Sincerely,

SIGNED

Allen W. Dulles

Director

Deputy Director/Support

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